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SUBJECT: TEXTILES MINISTER HOPES TO REVIVE JUTE INDUSTRY

Classified By: Ambassador James F. Moriarty, reasons 1.4 (b&d)

SUMMARY

1. (C) The Minister of Textiles and Jute looks to private sector investment to revive Bangladesh's ailing jute industry and said the country's textile industry was feeling the effects of the global financial crisis. Well-disposed towards the United States, he thanked the USG for its support of the GOB during the recent border guard mutiny and asked for USG assistance to help resolve jute and textiles sector problems. End summary.

2. (SBU) Abdul Latif Siddiqui is the Member of Parliament (MP) from the Tangail-4 constituency in central Bangladesh, his home district. A senior Awami League insider, he is a graduate of Dhaka University and fought on the side of Bangladesh during the country's 1971 war of independence. He served as an MP during three previous governments, but this is his first cabinet position. He inherits a jute sector that is showing some signs of recovery after years of decline and a textiles sector that continues to be the country's largest export earner.

THE BDR MUTINY: A CONSPIRACY

3. (C) Speaking primarily through an interpreter, Siddiqui welcomed the Ambassador's March 3 courtesy call and thanked him for the USG's public support of the government during the recent border guard mutiny that left dozens of army officers massacred. Siddiqui said the 9/11 experience in the US was the beginning of a process in which the BDR mutiny was just the latest development. Siddiqui opined that the mutiny was a conspiracy and implied it was the work of Islamist extremists. He urged the US to help with the investigation. The Ambassador reiterated USG promises of assistance and said the specifics were still being worked out. He asked Siddiqui his thoughts on how best to strengthen democracy. Poverty alleviation is the answer, Siddiqui responded. What is needed is more investment, more employment, and more development, which in turn will help eliminate Islamic extremism, he added.

JUTE AND TEXTILES: NEED HELP

4. (C) Concerning the jute sector, Siddiqui said there were no problems with production and that the problems had been with sector management. The adoption of IMF prescriptions not

appropriate for Bangladesh was the cause of employment loss and export shrinkage, he said, adding he planned to reverse the effects of previous sector mismanagement. A key element of success would be private sector investment in the jute sector, and he urged the Ambassador to encourage US investors in that direction. Bangladesh used to be known as "the land of the Golden Fiber (i.e., jute)" and he intended to revive that title and the reality behind it, said Siddiqui.

15. (C) With regard to textiles, Siddiqui said the spinning and weaving industry in Bangladesh was suffering from the effects of the global economic meltdown and needed "a bailout." He asked the Ambassador to consider ways the USG could support the sector. (Note: Bangladeshi yarn producers are under pressure from imports of Indian yarn, which are cheaper in the wake of a fall in the Indian rupee. End note.)

CONCERNS OVER PROPOSED SHIPPING MEASURE

16. (C) The Ambassador shared U.S. concerns about a proposed new measure that would require foreign shipping companies to operate in Bangladesh only as joint ventures with local companies, in contrast to longstanding practice. The Ambassador reminded Siddiqui that shipping issues directly impact exports and said he thought Siddiqui should be aware of the situation. Siddiqui responded that he had no control over the issue but thanked the Ambassador for the information.

COMMENT

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17. (C) A personable and charismatic old style South Asian politician, Siddiqui was warmly welcoming and clearly anxious to engage with the USG. Although he has served as an MP from Tangail in three previous governments, he has not held a cabinet portfolio before and brings no specific expertise to his new portfolio. His unquestioned loyalty to Prime Minister Sheikh Hasina was no doubt a key element in his appointment. MORIARTY